

STATE OF SOUTH CAROLINA

(Caption of Case)

Lisa Lochbaum - Complainant / Petitioner

V  
Utilities Services of South Carolina - Defendant / Respondent

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2009 - 39 - W

217829

DDW

SA

7-14-09

9.50

(Please type or print)

Submitted by: Lisa Lochbaum

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☒ Other: Rebuttal Testimony

INDUSTRY (Check one)

NATURE OF ACTION (Check all that apply)

- |  |  |  |  |
|--|--|--|--|
| <input type="checkbox"/> Electric                    | <input type="checkbox"/> Affidavit                 | <input type="checkbox"/> Letter                            | <input type="checkbox"/> Request                             |
| <input type="checkbox"/> Electric/Gas                | <input type="checkbox"/> Agreement                 | <input type="checkbox"/> Memorandum                        | <input type="checkbox"/> Request for Certification           |
| <input type="checkbox"/> Electric/Telecommunications | <input type="checkbox"/> Answer                    | <input type="checkbox"/> Motion                            | <input type="checkbox"/> Request for Investigation           |
| <input type="checkbox"/> Electric/Water              | <input type="checkbox"/> Appellate Review          | <input type="checkbox"/> Objection                         | <input type="checkbox"/> Resale Agreement                    |
| <input type="checkbox"/> Electric/Water/Telecom.     | <input type="checkbox"/> Application               | <input type="checkbox"/> Petition                          | <input type="checkbox"/> Resale Amendment                    |
| <input type="checkbox"/> Electric/Water/Sewer        | <input type="checkbox"/> Brief                     | <input type="checkbox"/> Petition for Reconsideration      | <input type="checkbox"/> Reservation Letter                  |
| <input type="checkbox"/> Gas                         | <input type="checkbox"/> Certificate               | <input type="checkbox"/> Petition for Rulemaking           | <input type="checkbox"/> Response                            |
| <input type="checkbox"/> Railroad                    | <input type="checkbox"/> Comments                  | <input type="checkbox"/> Petition for Rule to Show Cause   | <input type="checkbox"/> Response to Discovery               |
| <input type="checkbox"/> Sewer                       | <input type="checkbox"/> Complaint                 | <input type="checkbox"/> Petition to Intervene             | <input type="checkbox"/> Return to Petition                  |
| <input type="checkbox"/> Telecommunications          | <input type="checkbox"/> Consent Order             | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation                         |
| <input type="checkbox"/> Transportation              | <input type="checkbox"/> Discovery                 | <input type="checkbox"/> Prefiled Testimony                | <input type="checkbox"/> Subpoena                            |
| <input type="checkbox"/> Water                       | <input type="checkbox"/> Exhibit                   | <input type="checkbox"/> Promotion                         | <input type="checkbox"/> Tariff                              |
| <input type="checkbox"/> Water/Sewer                 | <input type="checkbox"/> Expedited Consideration   | <input type="checkbox"/> Proposed Order                    | <input checked="" type="checkbox"/> Other: Rebuttal Testimon |
| <input type="checkbox"/> Administrative Matter       | <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest                           |  |
| <input type="checkbox"/> Other:                      | <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit             |  |
|  | <input type="checkbox"/> Late-Filed Exhibit        | <input type="checkbox"/> Report                            |  |

**Rebuttal Testimony of Lisa Lochbaum**  
**In Re: Lisa Lochbaum, Complainant / Petitioner V Utilities**  
**Services of South Carolina, Defendant / Respondent Docket**  
**No. 2009-39-W**

Responding to page 4 of Mr. Haas' testimony, my June and July consumption bills were not estimated. Additionally, the asserted errors in USPS bar coding would not have delayed the bills by more than a day. A mailer inserts a Delivery Point Bar Code (DPBC) on a mail piece to claim discounted postage rates. There is an acceptance process with the USPS to account for proper postage, and to randomly verify readability of the bar codes. If the mailer fails the readability test then the mailer is alerted and can pay full First Class postage to get the mail moving. If mail with a DPBC is accepted by the USPS and bar codes fail (or if bar codes are not present) in the mail stream then the USPS sprays its own barcode in the lower right corner of each mail piece (see exhibit A). If there is a significant delay due to bar coding errors it is more than likely because the mailer requested not to send the mailing. Regardless, the timely billing issues continue, with bills being generated 2 to 3 months beyond the end of service period.

I received my June and July 2008 consumption bills in October 2008. Because of this delayed billing, I was not alerted that I was consuming extremely high amounts of water. As a result, I incurred \$839.85 water charges for June, July, and August of 2008 with no time to investigate my high consumption. USSC drafted the letter from Larry Schumacher, President and CEO of Utilities, Inc., on August 7, 2009. Again, this was much too late to help as I had already consumed the bulk of the \$839.85 in water.

Responding to the second paragraph on page 6 of Mr. Haas' testimony, I agree that the Commission allowed the pass through mechanism for distribution only customers of USSC. I believe that USSC is not following Commission orders with the required notice to Commission and consumers when bulk water rates are increased. Additionally, I believe that the Commission approved this pass-through mechanism with the belief that the average Dutchman Shores consumer would only be charged about \$15.00 per month in supply charges per Dawn Hipp's testimony adopted into Commission Order No. 2006-22, Docket No. 2005-217-WS. I also believe the Commission did not know how much of an adverse affect that non-account water, and accounted for lost water, would have on consumer billings.

The pass-through mechanism was promoted and approved for very valid reasons, but the affects on distribution-only consumers have been unreasonably high water rates. There are several reasons I do not believe the current pass-through mechanism is an appropriate way to charge for water;

1. Currently USSC pays a turnkey rate for City of Columbia bulk water, but is not being provided a turnkey service for consumers. USSC then has to charge its distribution-only consumers an additional distribution charge to receive compensation for billing and customer service provided to these consumers. This method results in distribution-only consumers paying rates for water in multiples

of what other consumers are paying for the same water. City of Columbia (or any municipality) is not regulated by the Public Service Commission, so City of Columbia reserves the right to charge full-service rates for bulk water service. If USSC were bearing the costs of these full-service rates then USSC could try to find a way to persuade the City of Columbia to only charge a distribution rate. USSC could leverage its ability to dig its own well and supply turnkey water service to its consumers at a much lower rate. Or USSC could just forget about negotiating with City of Columbia and dig a well for us anyway. Either way, consumers are bearing a rate for water far above what other consumers pay for the same water and this is not fair. Consumers have little influence with water companies, especially in light of the fact that USSC and City of Columbia are both profiting from their current pass through arrangements.

2. Bulk water suppliers largely do not give written notice of rate increases so that USSC can implement notice to consumers. It should be USSC's responsibility to notice rate increases from its bulk water suppliers. I do not know of any reputable company who pays its bills without confirming the charges are correct. If USSC were not allowed to use the pass through mechanism they might be incited to notice rate increases from suppliers, since USSC would be paying instead of consumers.
3. USSC is not incited to control water loss nor provide an audit mechanism (or published tariff) for pass through rates.
4. Bulk water rates can continue to increase, and lost water could continue to increase, without alerting the Public Service Commission. I do not appreciate that when I tried to find out how my bill was calculated, I learned that I didn't have a way to audit supply charges. Under the current arrangement, City of Columbia could increase its rates to any level and consumers would have no recourse. The burden of watching USSC's costs should not be on the consumer, but that is exactly what is happening with the current pass-through arrangement.

Responding to pages 10 and 11 of Mr. Haas's testimony, Mr Haas asserted that the high pressure was not USSC's fault, but failed to recognize the devastating effects that high pressure had on consumer consumption. It should not be the responsibility of the consumer to monitor water pressure on USSC or City of Columbia's systems. As soon as I learned that high pressure was a factor in my high June and July 2008 billing I added a pressure reducing device at my residence (on October 6, 2008). Pressure reducing devices were not part of the Lexington County building code when my home was built, but I saw the value in such a device and added one as soon as I learned such a device existed. I still believe that USSC should share in the responsibility of my high consumption. High pressure directly increases water consumption. Referring to the spreadsheet of my consumption, I moved into my house mid-February 2007. The high consumption that month was due to my brick mason washing brick with water running fairly continuously for days. The high consumption during April of 2007 was due to the initial fill of my pool. During July, Aug, and Sept 2007, I irrigated a tremendous amount to encourage growth of newly planted grass plugs. During December of 2007 the main water line between my meter and house burst on a weekend and ran continuously for

days. USSC did not grant my request for a one-time-only leak credit, although its USSC's high pressure which contributed to the consumption and the break of my brand new water line. During April and May 2008 I was using irrigation for newly planted shrubs and then continued using irrigation throughout the summer. During October 2007 I had a pressure reducing device installed and each month since then I have consumed less than 4000 gallons of water. This is the lowest my consumption has been since we moved into the house over 2 years ago, although we have not changed any of our water usage habits.

Delayed billing contributed to my high consumption because I was not alerted in a timely manner that I had used so much water. I could have investigated the cause of my high consumption much sooner had I been billed in a timely manner. I could have had my plumber check pressure. I could have monitored my irrigation system's consumption and adjusted accordingly. I could have done many things to reduce my water consumption had I known sooner.

Responding to page 13 of Mr. Haas' testimony, I have asked repeatedly for data to audit the water supply charges on my bills. To date I have not received the data USSC used to calculate my supply charges. USSC continually asserts that it is passing through bulk water charges on a pro rata basis without mark up, but the amounts I am being charged for water supply do not reflect this. If water loss is below 10%, then how can I be charged an average of \$3.89 per 1000 gallons for water that City of Columbia billed an average of \$3.16 for (please see Exhibit B in my Direct Testimony)? There is a 23% discrepancy in the amount City of Columbia billed versus my supply charge.

Mr. Haas asserts that the supply charge fluctuates because City of Columbia bills in arrears, but that logic does not apply since USSC bills us 2 to 3 months in arrears as well. Additionally Mr. Haas asserts that the bulk charges imposed by the City of Columbia fluctuate. This is simply not true. The City of Columbia charges the same rate per 1000 gallons every month with the exception of its annual 5% rate increase.

Responding to pages 14 and 15 of Mr. Haas' testimony, of course the 8,717,252 is not a valid number. This is exactly my point. The 8,717,252 simply demonstrates that the \$3.16 City of Columbia is billing does not get passed through without markup. As I stated previously, there is a 23% discrepancy between the average City of Columbia bill of \$3.16 per 1000 gallons and the average \$3.89 that USSC passed through to distribution-only consumers during that time. We can calculate this discrepancy several ways, and it always works out to 23%.

The idea of a real-time water supply charge is more appealing than the current situation, however, it will not alleviate my concerns if I can still not audit my supply charges. Additionally, please help me understand how this method will allow a more leveled supply rate.

If USSC reads the bulk meter at the end of each month to "estimate" bulk water charges then there shouldn't be any contributing factors to a "true up" other than the annual price

increase by City of Columbia. System usage and unaccounted for water should not be a factor since it would be included in the master meter reading. As for leaks not billed to consumers, I would prefer that you offered this exception to all consumers instead of just choice incidents. I still do not understand how this method would address unaccounted for water. Please, explain.

The real time pass through calculation sounds better than what we have now but it does not address the issues of our rates being so much higher than our neighbors, served by two different water companies for the same water. It also does not address high pressure monitoring, timely billing, cost basis for our distribution rate, etc.

Responding to the third paragraph on page 16 of Mr. Haas' direct testimony, although neither USSC nor ORS stated that the supply charge would be based upon the per 1000 gallon charge imposed by bulk water suppliers, it was implied in Dawn Hipp's testimony. If there were no non-account water then the pass through charges would be the same rate as the bulk water suppliers'. It was reasonable to assume the effect on the distribution-only consumer would be very close to the rates published in Dawn Hipp's exhibit testimony.

Responding to the third paragraph on page 19 of Mr. Haas' testimony, the pass-through mechanism under its current arrangement results in a grossly unfair rate for distribution-only consumers. The Commission has the jurisdiction to approve or deny rate cases. The Commission also has the authority to reverse any decision previously made. It is my belief that distribution-only rates should be reconsidered and a fair and published commodity charge should be considered instead of the pass-through mechanism currently employed.

Responding to the second paragraph on page 20 of Mr. Haas' testimony, I have taken steps previously to manage and investigate my high consumption. I have called USSC and had my plumber to my premises multiple times. It was not until October 2008 that I was alerted to the high pressure. No one at the water company has ever suggested I have my water pressure tested, despite recommendations on several occasions to employ a plumber to investigate high consumption.

Responding to the first paragraph on page 21 of Mr. Haas' testimony, currently the pass-through mechanism has created an undue hardship on distribution-only consumers. It is better to spread this hardship amongst all rate payers than a few.

Responding to the first paragraph on page 24 of Mr. Haas' testimony, the cost of the devices to record flushed water should be paid by USSC. Since USSC is passing through 100% of flushed water and non-account water to consumers, then USSC needs to be accountable for the volume of this water. Otherwise, I would like USSC to remove the meter from my premises and use the "years of experience" of its water operators and impute an average consumption at my property of less than 6000 gallons per month.

Responding to the last paragraph on page 25 and all of page 26 of Mr. Haas' testimony, I have asked repeatedly for the calculation of costs which supports our distribution rate. During rate-making the ORS and USSC generally take a more global view of costs and the effects of rates on consumers. It is for this reason that I believe the cost basis supporting our distribution rate was not scrutinized. If USSC stands behind its distribution rate, then USSC should furnish some evidence supporting these rates.

Respectfully,

Lisa Lochbaum  
07/13/2009

RECEIVED

2005 JUL 13 PM 1:36

U.S. POSTAL SERVICE  
POST OFFICE

Exhibit

ADDRESS SERVICE REQUESTED

PRESORTED  
FIRST-CLASS MAIL  
U.S. POSTAGE PAID  
S. SUBURBAN, IL  
PERMIT No. 785

Utilities, Inc.

PO Box 4509  
West Columbia SC 29171-4509

LISA LOCHBAUM  
221 DUTCHMAN SHORES DIR  
CHAPIN SC 29036

USSC DID NOT  
INCLUDE ITS OWN DPBC

SO USPS SPENDS ITS  
OWN BAR CODE

218 FMCNPI 29036

